

The complaint

Mr P has complained that TSB Bank plc kept allowing money to be taken from a direct debit mandate he'd cancelled.

What happened

Both sides are most familiar with the case, so I'll summarise things in brief.

In 2023, Mr P asked TSB to cancel his direct debit with his energy company. The company were trying to take very large amounts – for example, £1,222.69. Mr P has explained that he felt they'd estimated things wrong, and that he was in some difficulties, so he needed the mandate stopped so he could instead set up an affordable payment plan with them.

TSB did cancel the mandate, but then repeatedly allowed the energy company to set it back up again and take funds. The company took £1,222.69, £148, and two lots of £97. Mr P has said that the second lot of £97 was a duplicate payment.

After much back and forth, including the disputed payments being temporarily refunded and then re-debited, Mr P's account ended up in an unplanned overdraft, which he's unhappy with. This caused some other payments to then bounce. Mr P is also unhappy with TSB's customer service, such as getting cut off on the phone, and not logging his complaint at first.

TSB say they're unable to stop the company from reinstating the direct debit and taking money. They raised indemnity claims, but those were defended by the company, aside from the second £97 payment which stayed refunded. TSB offered Mr P £50 compensation for the customer service issues.

Our Investigator looked into things independently and didn't uphold the complaint. Mr P appealed, so the complaint's been passed to me to decide.

I sent Mr P and TSB a provisional decision on 13 August 2024, to explain why I thought that TSB should pay Mr P £150 compensation in total. In that decision, I said:

TSB have explained that this direct debit mandate came through an automated system, and they were normally unable to stop the energy company from reinstating the direct debit. But while I appreciate that TSB may have found the situation difficult to deal with, the fact remains that direct debits must have the explicit consent of the customer, TSB had been put on notice that Mr P did not consent to this mandate and wanted it cancelled, and TSB are responsible for unauthorised payments. TSB have also accepted that the evidence provided in the indemnity claims wasn't quite right.

Equally, though, it looks like Mr P did really owe this money to the energy company. It's a genuine energy company, the energy account is at Mr P's genuine address, and he's confirmed it was his energy account. Mr P said the £1,222.69 bill was estimated wrong, but despite our requests he's not provided any admission of this from the energy company, nor any outcome from the Energy Ombudsman confirming this, nor any picture of his actual meter reading, nor any acceptable copies of old energy bills – he's only provided copied and pasted text purporting to be from energy bills, which could've been edited. On the other hand, the energy company provided TSB with the original bill for £1,222.69, which shows that the total energy usage was based on a meter reading which Mr P himself had provided on 4 August 2023, compared against the previous actual meter reading on 25 December 2022. And I can see that in the year following this incident, Mr P has continued to pay the energy company. So I don't have any reasonable basis on which to conclude that Mr P is owed the disputed direct debit payments back. And so I don't plan to tell TSB to refund them. Indeed, that matter would really be better directed against the energy company here.

I note that Mr P is unhappy about one of the £97 payments, which he said was a duplicate. But I can see that that payment was ultimately refunded and stayed refunded – it's not been re-debited. So that's already been sorted out.

I appreciate that Mr P is unhappy that his account was put into an unplanned overdraft. But that can happen when a payment comes out which puts one over one's normal limit. And because Mr P was in an unplanned overdraft, that caused later payments to bounce. That's normal. TSB did not have to extend Mr P's overdraft limit, as he suggested. And ultimately, Mr P had more than enough in his instant access savings to clear his overdraft – he just chose not to do so. So I don't plan to tell TSB to refund the fees. Similarly, given the amount Mr P had in his savings, I don't agree that TSB put him into financial difficulties.

Mr P felt it wasn't appropriate for TSB to send him an SMS text message from a no-reply number. But that was perfectly fine. Banks are allowed to use text messages. And they're allowed to use no-reply numbers. There were multiple ways to get in touch with TSB if he wanted to talk to them about the contents of the message.

So I don't currently think that TSB owe Mr P the disputed payments back, nor anything for him going into an overdraft or for sending him a text. But I do currently think that TSB caused Mr P some confusion, frustration, and upset in failing to deal appropriately with his direct debit issue. This also negatively affected his ability to come to a more affordable or longer-term payment plan with his energy company in a way that might've worked better for Mr P. I also understand there were other customer service issues, such as TSB not logging his complaint or being unsure which department to refer him to. Taking into account the impact the bank's errors had on Mr P, alongside our guidelines for compensation, I think TSB should pay Mr P a total of £150 compensation to put things right.

I said I'd consider anything else anyone wanted to give me – so long as I received it before 10 September 2024.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In response to the provisional decision, TSB let us know they had nothing further to add.

Mr P thanked us, and said he wanted to clarify that at no point had he asked for his overdraft facility to be extended. To clarify in turn, the reason I addressed an overdraft extension is because in Mr P's email to our service on 21 December 2023, he listed as one of his complaint points that TSB had not extended his facility.

Mr P reiterated his unhappiness with TSB allowing his energy company to take a large amount without his authorisation, thereby putting his account beyond its limit. As I found before, I agree that TSB failed to deal appropriately with the cancelled direct debit. I don't think they owe Mr P the disputed payments back, since as far as I can see the money was owed on a genuine bill from his genuine energy company for his own address. TSB were allowed to enter the account into an unplanned overdraft, and they don't owe Mr P the fees back – not least as he could've just cleared it with his savings if he chose to do so. TSB were also allowed to text him from a no-reply number. But I do think TSB should pay Mr P a total of £150 compensation for the trouble and upset they caused.

Finally, Mr P clarified that he had not received any compensation from TSB relating to this matter, so he's expecting to receive £150. From the evidence I have, I also can't see that he's received the £50 previously offered – but do bear in mind that I don't have Mr P's latest statements, so I'm conscious that it may have been paid since. So if TSB say they have already paid that £50, they should be able to show when that happened on his statements. Otherwise, if no compensation has been paid already, it should indeed be the full £150.

Putting things right

I direct TSB Bank plc to pay Mr P £150 compensation in total for the trouble and upset it caused. This amount is a total figure, including any compensation already paid relating to this matter.

My final decision

I direct TSB Bank plc to pay Mr P a total of £150 compensation. I do not make any further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 October 2024.

Adam Charles
Ombudsman